

AGREEMENT BETWEEN
THE UNITED STATES OF AMERICA
AND THE REPUBLIC OF SIERRA LEONE
REGARDING THE CONSOLIDATION AND REDUCTION OF
CERTAIN DEBTS OWED TO, GUARANTEED BY, OR INSURED
BY THE UNITED STATES GOVERNMENT

The Government of the United States of America (the "United States") and the Government of the Republic of Sierra Leone ("Sierra Leone") agree as follows:

ARTICLE I

Application of the Agreement

1. In accordance with the recommendations contained in the Agreed Minute on the Consolidation of the Debt of Sierra Leone, signed on October 16, 2001, as amended on July 10, 2002 (the "Minute"), the applicable domestic laws of the United States and Sierra Leone, and the September 1999 commitment of the President of the United States to provide 100 percent debt forgiveness to certain Heavily Indebted Poor Countries, the United States and Sierra Leone hereby agree to the consolidation and reduction of certain Sierra Leonean payments due as a result of debts owed to, guaranteed, or insured by the United States.
2. This Agreement will be further implemented by a separate agreement (the "Implementing Agreement") between Sierra Leone and the United States Department of Agriculture ("USDA") with respect to PL-480 Agreements.

ARTICLE II

Definitions

1. "Contracts" mean
 - (a) credits extended under PL-480 agreements ("PL-480 credits") having original maturities of more than one year, which were extended to the Government of Sierra Leone or its public sector, or covered by a guarantee of the Government of Sierra Leone or its public sector, pursuant to an agreement concluded with the United States before June 20, 1999 and
 - (b) the bilateral debt rescheduling agreements concluded between the United States and Sierra Leone on August 21, 1987, April 19, 1993, January 11, 1995 and August 7, 1996.

Debt service due as a result of debts described above and affected through special payments mechanisms or other external accounts is covered by this Agreement.

A table listing the relevant contracts to be included under the debt reduction is attached hereto as Annex A.

2. "Consolidation Period" means the period October 1, 2001 through September 30, 2002, inclusive; (ii) if the conditions set forth in Article IV, paragraph 2 of this Agreement are satisfied, the period October 1, 2001 through September 30, 2003, inclusive; and (iii) if the conditions set forth in Article IV, paragraph 3 of this Agreement are satisfied, the period October 1, 2001 through September 30, 2004, inclusive.

3. "Consolidated ODA Debt" means 100 percent of the sum of unpaid principal and interest falling due during the Consolidation Period with respect to the Contracts specified in subparagraphs 1(a) and 1(b) of this Article.

4. "Consolidated ODA Arrears" means 100 percent of the sum of principal and interest that was due and unpaid as of September 30, 2001 inclusive with respect to the Contracts specified in subparagraphs 1(a) and 1(b) of this Article.

5. "Late Interest Charges" with respect to Consolidated ODA Arrears means interest charges accrued through September 30, 2001 and payable on due but unpaid amounts of principal and interest that constitutes Consolidated ODA Arrears.

ARTICLE III

Terms and Conditions of Payment

1. One hundred (100) percent of the Consolidated ODA Debt and one hundred (100) percent on the Consolidated ODA Arrears are hereby cancelled.

A table summarizing the amount of Consolidated ODA Debt and Consolidated ODA Arrears to be cancelled if the Consolidation Period is October 1, 2001 through September 30, 2002 is attached hereto as Annex B1. A table summarizing the amount of Consolidated ODA Debt and Consolidated ODA Arrears to be cancelled if the Consolidation Period is October 1, 2001 through September 30, 2003 is attached hereto as Annex B2. A table summarizing the amount of Consolidated ODA Debt and Consolidated ODA Arrears to be cancelled if the Consolidation Period is October 1, 2001 through September 30, 2004 is attached hereto as Annex B3.

2. Adjustments in the amounts of Consolidated ODA Debt and Consolidated ODA Arrears may be made in writing, as necessary and by mutual consent.

ARTICLE IV

General Provisions

1. The provisions of this Agreement will apply during the period October 1, 2001 through September 30, 2002, inclusive, provided Sierra Leone continues to have an appropriate arrangement with the International Monetary Fund (IMF).
2. The provisions of this Agreement will be extended to apply during the period October 1, 2001 through September 30, 2003, inclusive, provided that (i) the Executive Board of the IMF has completed before September 30, 2002, a second review under the Poverty Reduction and Growth Facility (PRGF) with Sierra Leone and (ii) Sierra Leone has made all payments that are due to the Participating Creditor Countries in accordance with the terms of the Minute.
3. The Consolidation Period shall be further extended to apply to the period October 1, 2001 through September 30, 2004 inclusive, provided that (i) the Executive Board of the IMF has completed before September 30, 2003, a fourth review under the PRGF with Sierra Leone and (ii) Sierra Leone has made all payments that are due to Participating Creditor Countries in accordance with the terms of the Minute.
4. Sierra Leone agrees to grant the United States treatment on terms no less favorable than that which it has accorded, or which it may accord, to any other creditor country or its agencies for the consolidation of debts of comparable maturities to those stipulated in the Minute.
5. Sierra Leone will seek to secure from external creditors, including banks and suppliers, rescheduling or refinancing arrangements on terms comparable to those set forth in the Minute for credits of comparable maturities and to avoid unequal treatment among different categories of creditors.
6. Sierra Leone agrees to pay all Consolidated ODA Debt, Consolidated ODA Arrears, and Additional Interest, if any, to the United States, in United States dollars, without any deductions for taxes, fees or other public charges or any other costs accruing inside or outside Sierra Leone.
7. All terms of the Contracts remain in full force and effect, except as they may be modified by this Agreement.

Article V

Subsequent Debt Reduction

1. If Sierra Leone maintains satisfactory financial relations with the Participating Creditor Countries, fully implements all external debt agreements signed with such countries, maintains a sound adjustment track record, and the Boards of the IMF and the World Bank decide that Sierra Leone has reached its Completion Point under the enhanced Heavily Indebted Poor Countries Initiative, the United States agrees, in principle, to participate in a Paris Club meeting convened for the purpose of considering treatment of Sierra Leone's stock of debt. The United States agrees, in the context of equitable burden sharing among creditors, to take such actions as it deems appropriate to enable Sierra Leone to reach its debt sustainability objective.
2. The United States agrees, in principle, to cancel 100 percent of the principal outstanding under the Contracts, as modified by this Agreement, if the Participating Creditor Countries convene a meeting to discuss the treatment of Sierra Leone's stock of debt and agree, in principle, at that meeting to reduce Sierra Leone's stock of debt.
3. If the Executive Board of the IMF has approves an appropriate follow on arrangement and Sierra Leone maintains satisfactory relations with Participating Creditor Countries, the United States agrees, in principle, to cancel 100 percent of Sierra Leone's principal and interest falling due during the interim period that is agreed to at the Paris Club.

ARTICLE VI

Suspension or Termination

1. The United States may suspend or terminate this Agreement by giving sixty (60) days written notice to Sierra Leone.
2. This Agreement may be amended or modified by mutual consent of the United States and Sierra Leone.

ARTICLE VII

Entry into Force

This Agreement shall enter into force following signature of the Agreement and receipt by Sierra Leone of written notice from the United States that all necessary domestic legal requirements for entry into force of the Agreement have been fulfilled. This agreement supersedes and replaces the bilateral debt restructuring agreement concluded between the United States and Sierra Leone on April 29, 2002.

Done at Freetown, Sierra Leone, this 25th day of April 2003, in duplicate, in the English language.

FOR THE GOVERNMENT OF
THE UNITED STATES OF
AMERICA:



Peter R. Chaveas
U.S. Ambassador to the
Republic of Sierra Leone

FOR THE GOVERNMENT OF
THE REPUBLIC OF SIERRA
LEONE:



Joseph B. Dauda
Minister of Finance
Republic of Sierra Leone

Annex A
Contracts Subject to Rescheduling

USDA Agreements dated

8/18/77	8/31/78
8/23/79	8/8/80
3/25/81	7/28/82
4/29/83	2/23/84
5/9/85	5/5/86
6/10/87	6/16/88
9/27/88	9/8/90
3/4/92	8/21/87
4/19/93	1/11/95
	8/7/96

Annex B1
Summary of Consolidated ODA Debt and Consolidated ODA Arrears
(thousands of US dollars)

USDA \$ 18,716

Annex B2
Summary of Consolidated ODA Debt Debt and Consolidated ODA Arrears
(thousands of US dollars)

USDA \$ 22,361

Annex B3
Summary of Consolidated ODA Debt Debt and Consolidated ODA Arrears
(thousands of US dollars)

USDA \$ 25,946

9/20
10/20